



# City of Rialto

## Legislation Text

File #: 18-761, Version: 1

For City Council Meeting [August 14, 2018]

TO: Honorable Mayor and City Council

FROM: Ahmad R. Ansari, Interim City Administration

APPROVAL: Robb R. Steel, Assist. City Administrator/Development Services Director

Request City Council to Receive and File the Statement of Income and Expense for June 2018 related to the Construction Loan Agreement with Ayala@210LLC for On-site Improvements for the Renaissance Plaza Retail Center on Renaissance Parkway.

**(ACTION)**

### **BACKGROUND:**

On March 14, 2017, the City Council approved an Option to Purchase and Develop Site Agreement ("PDS Agreement") by and between the City of Rialto and Ayala@210LLC ("Developer") for a commercial development known as the Renaissance Plaza on an 8-acre site situated east of Ayala Avenue and north of Renaissance Parkway/Easton Avenue for the proposed Cracker Barrel, Sonic, and hotel ("Project").

On April 24, 2018, the City Council approved a Purchase and Sale Agreement that replaced the PDS Agreement and a Construction Loan Agreement (CLA) by and between the City of Rialto and Developer for a maximum loan amount of \$3,700,000 ("Approved Budget"). The CLA funds the on-site improvements in the Project that includes contractor and consultant costs for grading, asphalt, curb, gutter, and landscaping using City's General Fund non-operation reserves ("On-Site Improvements").

On May 25, 2018, the City deposited \$3,700,000 with Banner Bank pursuant to Sections 3.2 and 3.3 of the CLA ("Fund"). The deposit represented contributions from the General Fund's non-operational reserve. Banner Bank will hold the funding for the project, subject to periodic releases by the City to pay for authorized Project related expenses ("Escrow Activity").

### **ANALYSIS/DISCUSSION:**

The City had \$1,083,585.59 of expenditures from this account during June 2018 as follows:

\$ 161,600.68	Kimberly Horn and Associates for engineering services
\$ 903,942.24	Green Mountain for on-site construction
\$ 17,973.00	NBC Services for fund draw administration fee
\$ 30.00	Banner Bank for wire transfer fee
\$ 39.67	Interest Paid to the City
<u>\$1,083,585.59</u>	TOTAL

The City received \$202 net income during June 2018. A detailed income and expense report

showing all activity through the month ending June 30, 2018, is included as **Exhibit A**. The table below summarizes the Escrow Account activity from inception through June 30, 2018:

<b>Summary</b>	<b>Date</b>	<b>Fund</b>	<b>Budget</b>	<b>Actuals</b>	<b>To Amo</b>
Total Required Expenditures					\$ 3,700,000
Total Deposits	6/30/2018				\$ 3,700,000
Total Expenditures to Date	6/30/2018				\$(1,083,515.92)
Wire Fund Cost to Banner			\$	(30.00)	
Interest Paid to the City			\$	(39.67)	
General Fund Reserve	010		\$3,700,000	(1,083,515.92)	
Total			\$3,700,000	(1,083,585.59)	
Remaining Required Expenditures	6/30/2018				\$ 2,616,414.41
<b>Available Funds in Escrow Account (NAV)</b>					
Cash in Banner Bank	6/30/2018			\$2,616,656.56	\$2,616,656.56
<b>Investments</b>					
Cumulative Investment Income	6/30/2018				\$ 242
Cumulative Realized Investment Gains/(Losses)	6/30/2018				\$ -
Cumulative Unrealized Investment Gains/(Losses)	6/30/2018				\$ 242
Net Portfolio Returns	6/30/2018				\$ 242
Transfer to City General Fund Reserves	6/30/2018				\$ -
Balance of Investment Earnings	6/30/2018				\$ 242

Source: Reconciliation of June 2018 Statements from Banner Bank

Total authorized expenditures are \$3,700,000. To date, the City has expended \$1,083,586 with remaining required expenditures of \$2,616,414. The latest monthly statement from Banner Bank is attached hereto as **Exhibit B**.

#### **ENVIRONMENTAL IMPACT:**

Pursuant to Section 15378 of the California Environmental Quality Act, a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A Project does not include the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that June result in a potentially significant physical impact on the environment.

#### **GENERAL PLAN CONSISTENCY:**

The proposed action is consistent with the following Guiding Principle of the General Plan:

"Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business."

#### **LEGAL REVIEW:**

The City Attorney has reviewed and approved the staff report.

#### **FINANCIAL IMPACT:**

The report summarizes various financial transactions of the Construction Loan Agreement with Ayala@210LLC for on-site improvements in the Renaissance Plaza retail center on Renaissance Parkway, each of Ayala Drives (Project # 180706).

**RECOMMENDATION:**

Staff recommends that the City Council Receive and File the Statement of Income and Expense related to the Construction Loan Agreement with Ayala@210LLC for on-site improvements for the Renaissance Plaza retail center on Renaissance Parkway for the month ending June 30, 2018.